

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 59th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON LONG RANGE PLANNING

Call to Order: By **CHAIRMAN JACK WELLS**, on February 17, 2005 at 9:30 A.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. Jack Wells, Chairman (R)
Sen. Jon Tester, Vice Chairman (D)
Sen. John Brueggeman (R)
Sen. Mike Cooney (D)
Rep. Carol C. Juneau (D)
Sen. Bob Keenan (R)
Rep. Ralph L. Lenhart (D)
Rep. John E. Witt (R)

Members Excused: None.

Members Absent: None.

Staff Present: Laura Dillon, Committee Secretary
Catherine Duncan, Legislative Branch
Mark Bruno and Amy Carlson, OBPP

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted:
Executive Action: HB 540

The Fort Belknap Water Agreement Resolution (Exhibit 1) was distributed to the committee members prior to commencement of the meeting.

EXHIBIT(jlh39a01)

CHAIRMAN WELLS opened the meeting and directed committee business to HB 540, Bonding For Higher Education and Other State Projects.

EXECUTIVE ACTION ON HB 540

Motion: REP. WITT moved that HB 540 BE ADOPTED.

Discussion:

Cathy Duncan went over some technical amendments to the bill that she had prepared (Exhibit 2). The first amendment (HB05401.agp) adds the language requested by the Governor to coincide with the executive recommendation of \$10 million in bonding authority for the St. Mary's Project. The second amendment (HB054001.acd) further clarifies language in the bill and also contains a severability clause.

EXHIBIT(jlh39a02)

Motion: SEN. TESTER moved that AMENDMENT HB054001.agp BE ADOPTED.

Discussion:

Ms. Duncan further explained the first amendment to the committee members.

REP. JUNEAU asked for the amount of federal cost share for the St. Mary's Project.

John Tubbs, Department of Natural Resources and Conservation (DNRC), answered that the cost share amount was still being negotiated.

Motion/Vote: SEN. COONEY CALLED THE QUESTION ON AMENDMENT HB054001.agp. Motion carried unanimously by voice vote.

Ms. Duncan went through the details of the second amendment for the committee members.

SEN. BRUEGGEMAN asked if the bond proceeds were being handled in the same manner as they were in the past.

Ms. Duncan responded that the amendment would add the same language in the bill as was typically used past years.

Motion/Vote: REP. WELLS CALLED THE QUESTION ON AMENDMENT HB054001.acd. Motion carried unanimously by voice vote.

REP. WITT asked if the projects contained within HB 540 were going to be segregated for the sake of discussion.

CHAIRMAN WELLS stated that he intended to complete executive action on the bill in its entirety unless there was objection from the members.

Motion: SEN. TESTER moved that HB 540 BE AMENDED as follows:

- 1) Montana State University Gaines Hall Project be added to the bill and receive funding of \$3.5 million.
- 2) Great Falls College of Technology Project receive a reduced funding amount of \$13 million.
- 3) Billings College of Technology Project receive a reduced funding amount of \$9 million.
- 4) Helena College of Technology Project to remain funded at \$7.5 million.
- 5) Montana Tech Petroleum Building Project to remain funded at \$7 million.
- 6) Saint Mary's Water Project to remain funded at \$10 million.
- 7) Fort Belknap Water Project to remain funded at \$ 9.5 million.
- 8) Montana State University Agriculture Experiment Station Project be added to the bill and receive funding of \$500,000.
- 9) Montana Historical Society Project be added to the bill and receive funding of \$7.5 million.

Total appropriations for this amendment equal \$67.5 million.

Discussion:

SEN. TESTER acknowledged that adding funds to the Montana Historical Society Project placed the bill over the \$60 million threshold. He understood that unanimous committee support of HB 540 was most likely necessary in order for it to receive a two-thirds vote on the floor. He added that the Historical Society Project could be segregated from the amendment if it was going to create opposition to the bill.

REP. JUNEAU asked if increasing general obligation bonds would affect the general fund or the general fund cap.

Ms. Duncan responded that bond proceeds were not included in the general expenditure cap calculations.

REP. JUNEAU asked if there would be any general fund impact in the future.

Ms. Duncan answered that there is a potential impact on the general fund in the future because of the continued operation and maintenance costs of university buildings. The legislature decides what percentage of these costs will be handled by the state, and what percentage will be paid through university fees.

Amy Carlson explained that increasing the general obligation bonds could impact the general fund in two ways:

- 1) Operation and maintenance costs of university buildings are handled through tuition and fees, and the state general fund.
- 2) Debt service costs to the state general fund would also increase as a result of authorizing additional bonding authority.

REP. JUNEAU asked when the general fund expenditures would take effect.

Ms. Carlson responded that the expenditures would take effect during the next biennium.

REP. JUNEAU asked if these costs were included in the lump sum appropriation given to the university system.

Ms. Carlson answered that the operation and maintenance costs would be in addition to the lump sum appropriation.

Ms. Duncan asked the committee members to review the operation and maintenance worksheet (Exhibit 3) prepared by the university system.

EXHIBIT(jlh39a03)

{Tape: 1; Side: A; Approx. Time Counter: 0 - 18.6}

SEN. BRUEGGEMAN suggested that the committee may want to segregate the Montana Historical Society Project during executive

action so that it wouldn't restrict the other projects included in the amendment.

SEN. TESTER indicated that he was willing to segregate the project from the rest of the amendment. He went on to ask Ms. Carlson if he was correct to assume the operation and maintenance costs for university buildings started accruing once they began to be utilized.

Ms. Carlson replied that this was correct. She added that debt service is also not subject to the spending cap.

Motion: **SEN. BRUEGGEMAN** moved that the Montana Historical Society Project be segregated from the **SEN. TESTER AMENDMENT** for executive action. Motion carried unanimously by voice vote.

CHAIRMAN WELLS wanted to know whether the Gaines Hall renovation could be completed within two years if the additional funds were appropriated.

Geoff Gamble, President, Montana State University, replied that the additional funding would allow for significant progress to be made on the project. The project is broken into two phases, and the second phase could be ready to apply for funding during the next biennium.

Motion/Vote: **REP. WITT CALLED THE QUESTION ON SEN. TESTER AMENDMENT** (Montana Historical Society segment removed). Motion carried unanimously by roll call vote.

CHAIRMAN WELLS asked for questions or comments on the second part of the **SEN. TESTER** amendment (funding for the Montana Historical Society Project).

SEN. TESTER asked how confident the Historical Society was that they could secure the rest of the funding necessary to complete the purchase of the Capitol Hill Mall Property, if the project was funded according to the amendment.

Arnie Olson, Director, Montana Historical Society, stated that the organization was confident they would receive the additional funding required if the state made the first funding gesture.

{Tape: 1; Side: A; Approx. Time Counter: 18.6 - 26.8}

SEN. COONEY wanted to know what would happen to the bond if the Historical Society was unable to complete the purchase of the property.

Tom O'Connell, Department of Administration, Architecture and Engineering, responded that the funds would still be appropriated. The money would remain untouched until it was either reverted or used for its intended purpose.

REP. WELLS asked if the other funding sources for the project were expected to come through.

Mr. Olson replied that there are a number of sources, which have expressed interest in funding the project. He is confident that the funding will be come through once state commits funding to the project.

{Tape: 1; Side: A; Approx. Time Counter: 26.8 - 31}

CHAIRMAN WELLS added that he has held informal discussions with a number of interested donors to the project. Most of the donors have expressed that they are waiting for the state to first take an active role in the project before committing their own funds. He reminded the committee that they were only approving the bonding authority for the project and could have a more detailed discussion with potential project donors at a later date.

REP. WITT asked if the estimated costs for the project took into account future renovation costs.

Mr. Olson responded that any necessary renovations had been accounted for as part of the project.

CHAIRMAN WELLS asked if other state agencies would be able to save money by moving into the old Historical Society Building once the space is vacated.

Mr. Olson replied that the state could potentially save money by moving agencies into the building who were currently renting space. The state could also rent the building and use the income to supplement funding for the proposed project.

Motion/Vote: REP. WELLS CALLED THE QUESTION on the second half of the SEN. TESTER AMENDMENT (Montana Historical Society funding). Motion carried 7-1 by roll call vote with REP. JUNEAU voting no.

{Tape: 1; Side: B; Approx. Time Counter: 0 - 7.8}

CHAIRMAN WELLS asked if there were any further amendments to HB 540.

Motion: SEN. BRUEGGEMAN moved that HB 540 BE AMENDED to reduce the Great Falls College of Technology Project to \$1.5 Million and to increase the Gaines Hall Project to \$15 million.

Discussion:

SEN. BRUEGGEMAN commented that both projects were valid, but the Gaines Hall Project has been a long-standing priority for the Board of Regents and he feels it is time the problem was addressed. He felt the funding for the Great Falls College of Technology could be used for project planning and may help the college to formulate a better plan funding during the next biennium.

SEN. TESTER asked where the Great Falls Project was in the planning process.

Mary Moe, Great Falls College of Technology, conceded that the project had not come as far as others in the planning process. However, the college has successfully completed recent projects with a limited amount of planning and she feels this would not hinder the current project in any way.

SEN. TESTER commented that the significant amount of growth facing the Great Falls College of Technology made the project a high priority. For this reason, he opposes the amendment.

Motion/Vote: SEN. BRUEGGEMAN CALLED THE QUESTION ON SEN. BRUEGGEMAN AMENDMENT. Motion failed 3-5 by roll call vote with SEN. BRUEGGEMAN, SEN. KEENAN, and REP. WELLS voting aye.

{Tape: 1; Side: B; Approx. Time Counter: 7.8 - 16.9}

REP. WITT presented an amendment to the committee (Exhibit 4). This amendment (HB054003.acd) will add funding language for the Montana Agriculture Experiment Stations to HB 540. The funding could possibly contribute to 11 different projects under the Agricultural Stations.

EXHIBIT(jlh39a04)

Jeff Jacobsen, Montana State University, Agriculture Experiment Stations, discussed the importance of the stations to the agriculture and economic development in Montana.

Motion: REP. WITT moved that AMENDMENT HB054003.acd BE ADOPTED.

Discussion:

SEN. COONEY commented that funding had already been contributed to Montana Agriculture Experiment Stations by means of the SEN. TESTER amendment. He asked REP. WITT if this affected the amount listed in his amendment.

REP. WITT acknowledged that this would affect his amendment and reduced the amount of funding listed by \$500,000. The resulting amount in the amendment was listed at \$2,150,000.

CHAIRMAN WELLS asked where the money to fund the amendment was going to come from.

REP. WITT stated that he wanted to take the funding from the starting balance of the bill.

CHAIRMAN WELLS commented that this would not indicate which projects in the bill would be affected by the movement of funds.

REP. WITT stated that he would leave it to the committee's discretion as to from which projects the funding would be taken.

SEN. BRUEGGEMAN felt that the amendment should state specifically which project would be affected by the funding change.

CHAIRMAN WELLS asked REP. WITT to identify the sources that he would like to transfer funding from.

Substitute Motion: **REP. WITT** withdrew his original motion and made a substitute motion that HB 540 BE AMENDED to fund the Montana Agriculture Experiment Stations by reducing the Great Falls College of Technology funding by \$2.15 million.

Discussion:

REP. LENHART asked REP. WITT if he was aware that \$480,000 had been included in HB 5 for the agriculture stations.

REP. WITT responded that he was aware the amount was included in that bill.

SEN. TESTER commented that an additional \$650,000 would be freed if HB 540 passed as currently amended. This money could possibly be used to fund the Agriculture Experiment Stations. SEN. TESTER cited a dollar-to-dollar match package that had been approved during the 2001 biennium for the agricultural stations. He asked Mr. Jacobsen how successful that first project had been, and if any money was left over.

Mr. Jacobsen stated that the program was successful, but was closed out with a remaining balance of zero.

{Tape: 1; Side: B; Approx. Time Counter: 16.9 - 29.2}

Motion/Vote: REP. WITT CALLED THE QUESTION ON THE REP. WITT AMENDMENT. Motion failed 4-4 by roll call vote with SEN. BRUEGGEMAN, SEN. KEENAN, REP. WELLS, and REP. WITT voting aye.

REP. LENHART asked if \$7 million would be enough to finance a new Petroleum Building for Montana Tech.

Susan Patton, Vice Chancellor, Montana Tech, responded that a 30,000 square foot structure could be built with these funds. The building would be big enough to house the university's petroleum program, but was not adequate space for the Bureau of Mines and Geology.

REP. LENHART asked how much more would be required to include the Bureau of Mines and Geology in the building.

{Tape: 1; Side: B; Approx. Time Counter: 29.2 - 32}

Ms. Patton replied that an estimated \$14.4 million is required to fund a structure that both entities can occupy.

Motion: REP. WITT moved that AMENDMENT HB054004.acd BE ADOPTED.

Discussion:

REP. WITT explained that this amendment (Exhibit 5) would increase funding for the Montana Tech Petroleum Building Project. He feels it is necessary to allow a structure large enough to house both the Bureau of Mines and the Montana Tech Petroleum Program.

EXHIBIT (j1h39a05)

CHAIRMAN WELLS asked if the extra funding for the project would be taken out of the Great Falls College of Technology Project, or added to the total obligation of the bill.

REP. WITT indicated that he wished the funds to be shifted from the Great Falls Project.

REP. LENHART asked if Montana Tech would be able to raise the remainder of funding to complete a building large enough to house both programs on campus.

Ms. Patton replied that the school could ask the petroleum industry for additional funding.

REP. JUNEAU asked if this amendment would raise the total amount included in the bonding.

CHAIRMAN WELLS answered that the funding would be taken from the Great Falls Project.

SEN. TESTER asked how the building was utilized for training purposes.

Ms. Patton responded that the building houses petroleum engineering and some general education classes.

SEN. TESTER asked who hired the graduates.

Ms. Patton answered that graduates from the program are hired by large corporations around the globe. Many of the graduates are working at the refineries in Billings.

SEN. TESTER asked how long the program had been around.

Ms. Patton said she believed the program was started in the 1940's

SEN. TESTER said he believed that a similar building project had been approved for the Montana State University Northern Campus during the 2001 biennium. He asked a representative from the campus to explain that building's function.

Alex Capdeville, Chancellor, Montana State Northern, stated that the building serves as the applied technology center on campus.

SEN. TESTER asked if the project was completed under a matching-fund scheme.

Mr. Capdeville responded that they had matched the funding amount in order to complete the project.

SEN. TESTER commented that he was opposed to the **REP. WITT** amendment. He feels the university could do more fund raising to help with the project.

REP. WITT responded that even with \$9 million authorized, Montana Tech will still have to raise a significant amount of money on their own.

Motion/Vote: **REP. WELLS CALLED THE QUESTION ON REP. WITT AMENDMENT.** Motion carried 5-3 by roll call vote with **SEN. COONEY, REP. JUNEAU,** and **SEN. TESTER** voting no. **SEN. KEENAN** voted by proxy.

Motion: REP. WITT moved that HB 540 BE AMENDED to fund the Montana Agriculture Experiment Stations a total of \$1.65 million. The funds would be taken from the Great Falls COT, the Billings COT and the remaining fund balance of the bill in its current form.

Discussion:

John Cech, Billings COT, testified that the funding reductions imposed would have a devastating effect on several programs. The project would not be able to move forward according to plan.

SEN. TESTER asked the sponsor of HB 540 to share what she had envisioned as the bill's purpose.

REP. SUE DICKENSON, HD 25, explained that the bill was a result of much discussion with varied delegations. The projects included in the bill were chosen because they are seen as crucial for economic development and educational growth. She feels that reducing the funding amounts for the projects defeats the purpose of the bill.

Motion/Vote: REP. WITT CALLED THE QUESTION ON THE REP. WITT AMENDMENT TO HB 540. Motion failed 4-4 by roll call vote with SEN. KEENAN, REP. LENHART, REP. WELLS, and REP. WITT voting aye.

Motion/Vote: REP. WELLS moved that HB 540 BE ADOPTED AS AMENDED. Motion carried unanimously.

CHAIRMAN WELLS reminded the committee members that executive action on HB 5 would begin at 8:00 A.M. the following day. The meeting was adjourned.

{Tape: 2; Side: A; Approx. Time Counter: 0 - 26.6}

ADJOURNMENT

Adjournment: 11:30 A.M.

REP. JACK WELLS, Chairman

LAURA DILLON, Secretary

JW/ld

Additional Exhibits:

EXHIBIT ([j1h39aad0.TIF](#))